

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN ADJUSTMENT OF RATES OF THE)
VALLEY TREATMENT PLANT, INC.) CASE NO. 8853

O R D E R

IT IS ORDERED that Valley Treatment Plant, Inc., ("Valley Treatment") shall file an original and eight copies of the following information with the Commission by August 5, 1983. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. In reference to Item 1 of the response to the Commission's Order dated June 30, 1983, provide the following:

a. Will the work performed on the following repairs extend the service life of the equipment? If so, how long will it be extended?

1. Repair of 5-7-82 - \$ 894.92
2. Repair of 11-10-82 - 2,777.17
3. Repair of 12-31-82 - 3,679.07

b. Are any of the maintenance amounts listed extraordinary or non-recurring in nature?

c. Explain the basis for the significant increase in this maintenance account over the previous year.

2. With reference to Item 2 of the response to the Commission's Order dated June 30, 1983, provide the hourly rate, hours charged and an explanation of the services provided. Provide copies of the invoices for the rate case expenses.

3. Provide an explanation and any supporting documents as to how the management fee for providing office space is determined as shown on Item 1 of the response to the Commission's Order dated June 30, 1983.

4. Is Valley Treatment aware of the operating ratio method used by the Commission in determining revenue requirements for sewer companies. It is computed by dividing the allowed operating expenses plus depreciation and taxes by the allowed operating ratio to determine the allowed revenue requirements.

Does Valley Treatment agree with this method? If not, please explain.

5. With reference to Item 4 of the response to the Commission's Order dated June 30, 1983, provide any analysis that was performed along with any supporting documents that were used in determining the 15 percent rate of return.

6. Provide a copy of the occupational tax bill for the test year.

7. Explain the basis of accounting for plant in service on the balance sheet at the amount invested of \$313,075 at the time of purchase and not the original cost of the utility plant acquired of \$1,047,765 as in accordance with the Uniform System of Accounts.

8. What is the capacity of the sewage treatment plant? How many lots are developed and how many lots are undeveloped?

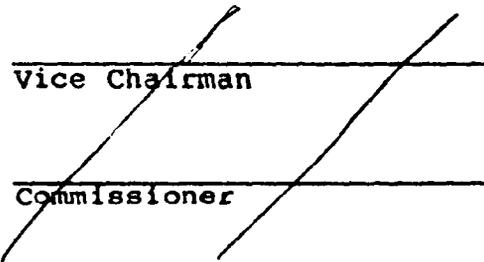
9. With reference to Item 1 of the Attorney General's request of June 29, 1983, you state that \$30,000 was paid by a contractor for the purpose of gaining access and purchasing capacity in the plant. How much capacity was purchased? How was the \$30,000 determined?

Done at Frankfort, Kentucky, this 28th day of July, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary